existing products in terms of their utility and economic viability, their pricing policies, in the context of technology induction undertaken so far, the relevance of these products and services in the changing environment and to suggest mechanism/action plan for re-engineering the existing products. Further action depends on the outcome of this study-report.

(e) This exercise will help the department to achieve the goals of competing on commercial terms with its competitors, strive for financial self-sufficiency and continue to discharge its responsibilities in terms of the Universal Service Obligation.

Incentives to Telecom Services Providers

1902. DR. T SUBBARAMI REDDY:
SHRI GIREESH KUMAR SANGHI.

Will the Minister of COMMUNICATIONS AND INFORMATrON TECHNOLOGY be pleased to state:

(a) whether Telecom Regulatory Authority of India has pointed out that Government needs to increase the level of competition in the rural sector by offering incentives to Telecom Services Providers;

(b) if so, whether the TRAI has highlighted that the operators would be required to add 4 million new users every month compared with just around 1.5 million at present to achieve the target set by Government;

(c) if so, whether this is possible only if telephone services were made available in the rural segments;

(d) if so, what are the other points made in the study paper of TRAI; and

(e) to what extent Government have accepted the proposal and the steps taken to boost the rual telephones in the country?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) and (b) Yes, Sir. These points are made by Telecom Regulatory Authority of India (TRAI) in the non-statutory study paper on 'Indicators' for Telecom Growth' (Study Paper No. 2/2005) which is issued on 30th June, 2005 for public information.

(c) The study paper indicates that the rural market is very large and these markets should be tapped in order to achieve the target.

(d) In the study paper TRAI has *inter-alia* made the following important observations:

- Urban rural divide is increasing due to negligible mobile coverage in rural areas and growth of rural teledensity would be possible wen rural growth is mobile and competition driven.
- Future strategy should primarily look at growth potential and reducing costs/fees.
- Introduction of competition lead to creation of market in urban areas and the same thing can be replicated in rural areas which will ultimately lead to growth of telecom services in rural areas.
- Mobile operators will find a business case in reaching rural market particularly if some incentives are given.

(e) The study paper issued by TRAI is for public information and no proposal in this regard has been sent to Government.

Government is taking following steps with support from Universal Service Obligation Fund (USOF) to boost rural telephones in the country:-

(i) Public Access:-

(a) 66,822 Village Public Telephone (VPTs) to be provided in the remaining uncovered villages by November, 2007.

(b) 46,253 Villages with population exceeding 2000 and without public phone facility are to be provided with Rural Community Phones (RCPs).

(ii) individual Access:-

Provision of connection on demand in eligible 1685 commercially unviable Short Distance Charging Area (SDCAs) most of which comprise of rural areas. These areas have been amended to various service providers on the basis of least quoted subsidy.

BSNL would be providing phone on demand in 1267 SDCAs, M/s. Reliance in 203 SDCAs, M/s. Tata Teleservices in 172 SDCAs and M/s. TTL (MH) in 43 SDCAs.